

SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

518
A



FROM: Treasurer-Tax Collector

SUBMITTAL DATE: April 8, 2003

SUBJECT: Public Auction Tax Sale, TC-163-2, Extended From March 17, 2003, and Scheduled for May 12, 2003 to be held at the Riverside Convention Center, 3443 Orange Street, Riverside, California.

RECOMMENDED MOTION: That the Board of Supervisors:

1) Approve the intended public auction tax sale, TC-167-2, 2) Approve and adopt provisions of the Revenue and Taxation Code Section 3698.5(a), 3698.5(c) and section 4703(a), 3) Adopt Resolution 2003-176 approving the sale of tax-defaulted property, prepared and approved by County Counsel, and 4) Instruct the Clerk of the Board to immediately forward a certified copy of the Board's Resolution to the Tax Collector following Board approval.

The above action will authorize the minimum bid on properties to be offered at the tax sale.

BACKGROUND: Properties for which taxes are not paid are sold to collect back taxes. After property has been tax-defaulted for a period of five or more years from the original tax-default year, it becomes subject to the Tax Collector's "Notice of Power to Sell Tax-Defaulted Property" which is then recorded. If the property is not subsequently redeemed by the payment of all amounts due, it is to be offered for sale by the Tax Collector. (Continued)

Paul McDonnell
Paul McDonnell, Treasurer / Tax Collector

FINANCIAL DATA:

CURRENT YEAR COST \$ 140,312.20
COUNTY COST \$ -0-

ANNUAL COST \$ -0-
IN CURRENT YEAR BUDGET: YES/ X NO/
BUDGET ADJUSTMENT: YES/ NO/ X
FOR FY:

SOURCE OF FUNDS: Tax Loss Reserve Fund

C.E.O. RECOMMENDATION:

APPROVE. *Alf*

County Executive Officer Signature

Department Recommendation: Consent No Consent
Per Executive Office: Policy Form Approved Policy Form Approved
BY: *Paul McDonnell*
APR 8 - 2003

Prev. Agn. ref.

Dist.

AGENDA NO.

3.21

BACKGROUND: (Continued)

This sale is the extension of the March 17, 2003 tax sale. State law allows a tax sale to be "extended" within 60 days of the original sale. One of the advantages of an extended sale is a reduction of the notification requirements, which saves the County time and money.

At the March 17th sale, 82% of the parcels offered were sold for a total of \$5.6 million. The parcels offered this May constitute the remaining unsold items from that sale, as well as twenty-one (21) parcels that were not offered at the March tax sale due to bankruptcy filings or litigation concerns.

- a) Twenty-one (21) fee parcels will be offered for the first time at the minimum bid of **full redemption** plus a \$540.00 cost of sale. If these Twenty-one (21) fee parcels do not sell at the higher price, they will be reoffered for a minimum bid of **50% of taxes only** plus \$540.00 cost of sale.
- b) Ninety-Eight (98) fee parcels will be offered for a minimum bid of **taxes only**, plus a \$540.00 cost of sale. If these Ninety-Eight (98) fee parcels do not sell at the higher price, they will be reoffered for a minimum bid of **50% of taxes only** plus \$540.00 cost of sale.
- c) Two (2) fee parcels will be offered for a minimum bid of **50% of taxes only** plus \$540.00 cost of sale.

As indicated in Exhibit "A", the aggregate minimum bid for all parcels is \$ 573,371.00.

Budgetary Impact

Sales at, or above, the amount of taxes owed have no negative impact on the County's budget. Sales of less than the amount of taxes owed have an indirect impact on the County's budget. As long as the tax loss (taxes owed minus net sales price) is within the budgeted amount for the Teeter Plan, no subsequent adjustments to the General Fund Budget are required. If all parcels being reoffered for sale were to sell for the reduced minimum bids, the maximum tax loss would be \$200,446.00. Taking into account the Teeter formula, the maximum loss to the Tax Loss Reserve Fund would be \$140,312.20, and reserves exceeding that amount have been set aside as part of this year's budget process.

Based upon past experience, it is unlikely that we see a number that large for three reasons: (i) properties are inevitably pulled from the sale due to bankruptcy or taxpayer redemptions; (ii) some parcels will likely sell for more than the minimum bid and (iii) other parcels are likely to receive no bids.

2
3 RESOLUTION NO. 2003-176

4
5 A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE

6 APPROVING THE SALE OF TAX-DEFAULTED PROPERTY SUBJECT

7 TO THE POWER OF SALE AND SETTING THE MINIMUM BID

8
9 WHEREAS, on December 3, 2002, the Board of Supervisors of the County of Riverside,
10 State of California, in regular session adopted Resolution No. 2002-403 providing for the sale of tax-
11 defaulted property subject to the power of sale;

12 WHEREAS, the Tax Collector of Riverside County conducted the public auction of tax-
13 defaulted property on March 17, 2003, offering the tax-defaulted property in accordance with the
14 provisions of Section 3698.5 of the California Revenue and Taxation Code and Resolution No. 2002-403;

15 WHEREAS, a number of parcels offered at the March 2003 tax sale have been previously
16 offered at tax sale and have failed to sell at the minimum bid or have been withdrawn from the sale, and the
17 Tax Collector has continued the tax sale to May 12, 2003 at 9:00 a.m., in accordance with California
18 Revenue and Taxation Code Section 3706.1(b), to offer selected properties;

19 WHEREAS, the Tax Collector in his discretion has determined that the property specified in
20 Exhibit "A," attached hereto and incorporated by reference, should be offered for sale on May 12, 2003 at
21 a minimum bid in accordance with California Revenue and Taxation Code Sections 3698.5(a) and
22 3698.5(c);

23 WHEREAS, it is in the best interests of the State of California, the County of Riverside, and
24 cities, school districts, and special districts for whom the Tax Collector collects taxes, to sell said
25 properties; now, therefore,

26 BE IT RESOLVED, DETERMINED, AND ORDERED by the Board of Supervisors of the
27 County of Riverside, State of California, in regular session assembled on April 22, 2003, that the proposed
28 continuation of the sale of tax-defaulted property subject to the power of sale is hereby approved and the
Tax Collector of the County of Riverside is directed to offer the property described in Exhibit "A," at

1 public auction to the highest bidder for cash in lawful money of the United States at the minimum bid set in
2 accordance with California Revenue and Taxation Code Sections 3698.5(a) and 3698.5(c) as specified
3 below:

4 1. Twenty-one (21) parcels, or less, to be offered at the full redemption amount plus
5 \$540.00 for the cost of sale, and if not sold, to be offered at a minimum bid of fifty percent (50%) of taxes
6 only plus \$540.00 cost of sale;

7 2. Ninety-eight (98) parcels, or less, to be offered at a minimum bid of taxes only plus
8 \$540.00 for the cost of sale, and if not sold, to be offered at a minimum bid of fifty percent (50%) of taxes
9 only plus \$540.00 cost of sale;

10 3. Two (2) parcels, or less, to be offered at a minimum bid of fifty percent (50 %) of
11 taxes only plus \$540.00 for the cost of sale.

12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28